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STATISTICAL BULLETIN

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Highlights

- THE LABOR MARKET IS FINALLY COOLING OFF
- SLOWER GROWTH IN SPENDING POWER IS SOFTENING CONSUMER DEMAND
- NEW ORDERS ARE STILL CONTRACTING
- INDUSTRIAL OUTPUT GROWTH IS MODERATING AND CAPACITY UTILIZATION RATES HAVE STABILIZED.
- ON THE INFLATION WATCH: FURTHER ACCELERATION IS NOT WIDELY ANTICIPATED.
- OUTLOOK • U.S. ECONOMIC GROWTH WILL TURN QUITE SLUGGISH AFTER THE SECOND QUARTER.

Volume 22, No. 6, June, 1989

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: The U.S. economy may now be entering a phase of quite slow growth or, perhaps, of no growth. The consensus of the **Economic Forecasts** is that real GNP growth will slow to a just under 1% seasonally adjusted annual rate in the second half of this year. Business investment in plant and equipment and exports are currently the centers of strength, while consumer demand, long the mainstay of this durable expansion, is becoming the principal weak spot. The softer spending pace, which could slow further, is cutting back credit demand, helping to set the stage for some decline in interest rates. But interest rates are falling in the presence of a strengthening dollar—overall, 7% higher in June than in January. What is behind this phenomenon and what does it imply for near-term economic conditions?

With this issue, we introduce a measure we have dubbed the **Domestic-International Discomfort Index (DIDI)**, which measures the behavior of the dollar relative to U.S. interest rates. It was conceived originally as an effort to appraise the significance of a declining dollar in the presence of stable or rising interest rates. As it turns out, the reverse has occurred. **DIDI** has surged upward as the dollar has risen in the presence of falling rates. Thus, where it was once believed that the level of U.S. interest rates influenced the currency, in the past two months, the strengthening dollar has set the stage for falling rates.

The consequences of this new pattern are important. There is now more room for the Federal Reserve to maneuver. A more pronounced decline in interest rates than might have been expected only a short while ago is possible. Clearly, the dollar's strength vacates the view that interest rates are headed sharply higher over the next few quarters, to cool the economy and avoid sharply higher inflation. Indeed, there are signs that the domestic economy is cooling off, and inflation, at least to date, has remained reasonably in check. The consensus of the **Economic Forecasts** is that inflation is likely to remain so. But that forecast is heavily dependent on economic growth remaining sluggish through the rest of this year and into the next. Finally, a note of caution: **DIDI** shifted quickly as the dollar suddenly started rising. It could just as quickly reverse field again. This measure bears close watching this summer.

DOMESTIC MARKET MONITOR

Labor market signals are predominantly negative now, and it has been quite some time since that was last true. The rise in new hiring slowed in May, especially in cyclically sensitive areas like durable goods manufacturing and construction. Moreover, the average workweek fell. Shorter hours and a slower rise in new employment translated to a decline in total hours worked. But perhaps the biggest news in May was the meager rise in average hourly pay. Though one month does not make a trend, the labor market may have cooled enough to take the pressure off rising labor costs. That is certainly consistent with the consensus of the **Economic Forecasts**, which calls for unemployment to gradually rise over the next 12 months, reaching just under 6% by this time next year.

INCOME: Wages in commodity-producing industry were only 1.3% higher in April than three months earlier. That is a more modest rise than was the case at the beginning of this year. Wages in the "other industry" category were 2.1% higher—no real change in trend. Furthermore, the slower rise in employment in May, and the meager gain in hourly pay, probably slowed the growth of wage income even further.

Nonwage income, though still strong, has moderated. Interest income is still rising sharply, 5.2% higher in April than three months ago, but interest rates are no longer moving up. Dividend payout was only 2.4% higher, a slower rise than earlier this year. The rise in shopkeepers' income also slowed significantly, and rental income is actually declining.

News reports about the economy cooling off have not dampened consumer spirits—yet. The Conference Board's **Consumer Confidence Index** remained very high in May, and the **Expectations** Component reflects positive attitudes about job and pay prospects over the next six months. The survey also showed that consumers do not expect inflation to go above 5% over the next 12 months but do foresee interest rates rising. Sluggish job and income growth, if sustained, are bound to take some steam out of buoyant consumer attitudes.

SPENDING: Despite the apparent optimism, spending has softened. Total retail sales, except cars, were only 0.3% higher in April than three months earlier. And the weakness is concentrated precisely in those categories indicative of consumer belt-tightening: Sales of furniture and appliances were down 1.7%, while sales of building material and hardware were off 6.2 percent. These numbers bear close watching for a tip-off as to whether recent clues of economic moderation are an aberration or not. The betting is that they do not represent an aberration.

CONSTRUCTION: Home buying continues to be as sluggish as car sales. New single-family home sales were no higher in April than in February, and remain considerably lower than at this time last year. Nevertheless, prices for these new homes were 3.5% higher in April than three months earlier. With demand for new homes so obviously soft, construction of new homes was almost 20% lower in

Ken Goldstein, Editor

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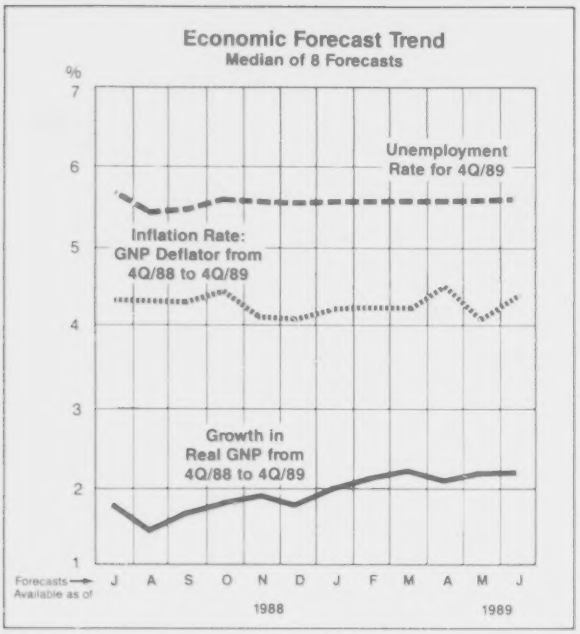


April than three months earlier. Mortgage rates have fallen a little, but the housing market is unlikely to turn around any time soon.

PRODUCTION: Business investment remains strong, but weakened consumer spending and a decline in government spending on hardware are moderating the pace of industrial output. Total industrial output was only 0.2% higher in April than three months earlier. The output of business equipment was 1.5% higher. But production of consumer durables was 0.9% lower, while the output of defense- and space-materiel fell by 0.7 percent. And with slight declines in durable-manufacturing employment in May, and a decline in the average workweek, total output probably dipped that month.

The pace of industrial output may continue to cool in June, and perhaps beyond that. New orders for durable goods, except for defense-related materiel, were 1.1% lower in April than three months ago. Producers have been somewhat slow to fill new orders, in a sense smoothing the work flow. Consequently, the ratio of new orders to shipments, another measure of the strength of industrial conditions, was 4.8% higher in April than three months earlier. Moderating production levels, then, are unlikely to turn into a full-scale decline, at least not in the immediate future.

INVENTORY: One reason why producers have slowed the pace at which new orders are being filled is because of concern that inventory might begin to pile. Despite tight inventory to date, build-up is a very real concern. Total inventory, except cars, at the retail level, was 1.7% higher in March than three months earlier. Sales only rose by 0.3 percent. A few months of accumulation of that scale, in the presence of sluggish or even declining sales could turn very lean inventory into an unwelcome overhang to be financed at high real interest rates.

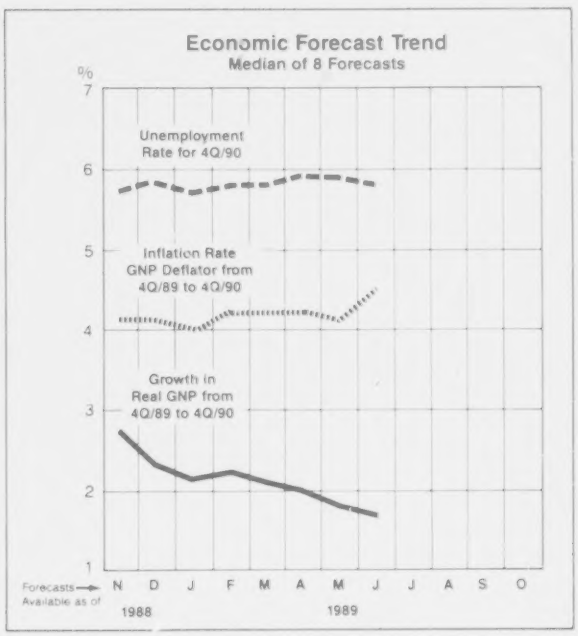
INFLATION: The meager rise in labor costs in May is the good news here. The bad news is that wholesale prices for commodities other than food and energy rose by 0.5% in May. Increases of that size earlier this year were met with interest rate hikes within hours. The consensus of the **Economic Forecasts** is that the CPI is now rising at about a 5% annual rate and will more or less maintain that pace over the next four quarters. This scenario assumes the economy will continue to cool off; otherwise, the rise in the CPI will certainly run higher.

INTERNATIONAL MONITOR

Slower growth in consumer spending has hit imports very hard. Specifically, imports of consumer goods, except cars, were 8% lower in March than three months earlier. Moreover the rise in the dollar has not had much measurable impact. Import prices were only 2.7% higher in March than three months earlier. Imports of raw and semi-finished products rose 8.2%, offsetting the weakness in consumer goods. Altogether, imports were 1% lower. Unless consumer spending unexpectedly rebounds, softening industrial output will cool the influx of imported raw material and semi-finished goods.

In contrast, exports of consumer goods, except cars, were 21% higher in March than three months earlier. Export prices were only 1.4% higher in March than three months earlier. But since then the dollar has steadily climbed, possibly constraining growth. Nevertheless, strong economic growth in some of our major trading partners (see the **Selected International Comparisons** chart) suggests that demand for U.S. exports may continue to rise.

Ken Goldstein
June 9, 1989

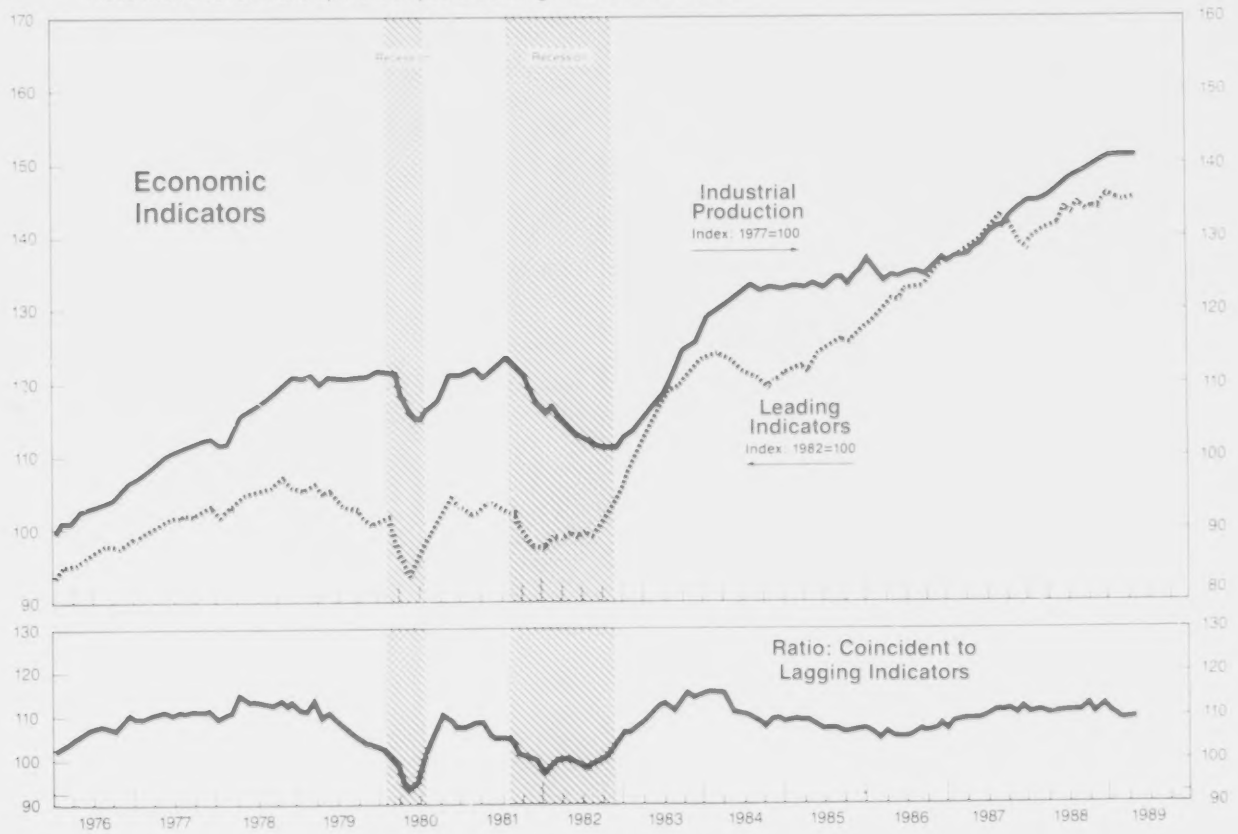


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Apr.		X		– 0.1%	3.0%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Apr.		X		– 0.3%	11.7%
New orders, nondefense capital goods (deflated)	Apr.		X		0.6%	13.0%
New business formation	Apr.		X		– 0.2%	2.9%
*Housing permits	Apr.			X	–10.2%	– 8.0%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Apr.		X		– 0.7%	5.3%
*Change in unfilled orders, mfg.	Apr.		X		– 0.7%	116.0%
Purchasing manager's buying policy	Apr.	X			8.5%	10.9%
*Vendor performance, reported slower deliveries	Apr.		X		– 1.5%	–10.1%
Industrial raw materials prices	Apr.		X		0.7%	9.9%
*Change in sensitive material prices	Apr.	X			50.9%	84.4%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Apr.			X	– 1.0%	– 2.0%
Change in business loans	Apr.			X	– 41.9%	–46.0%
*Consumer expectations	Apr.			X	– 7.5%	1.0%
Change in consumer installment debt	Mar.		X		5.5%	12.3%
Profitability						
Total corporate profits, after tax (deflated)	1st.Q			X	– 3.1%	11.1%
*Common stock prices	May	X			6.3%	22.1%
Aprginal Employment Adjustments						
*Average workweek, mfg.	May		X		– 0.1hr	– 0.1hr
*Initial unemployment claims (inverted)	Apr.		X		– 1.0%	0.0%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



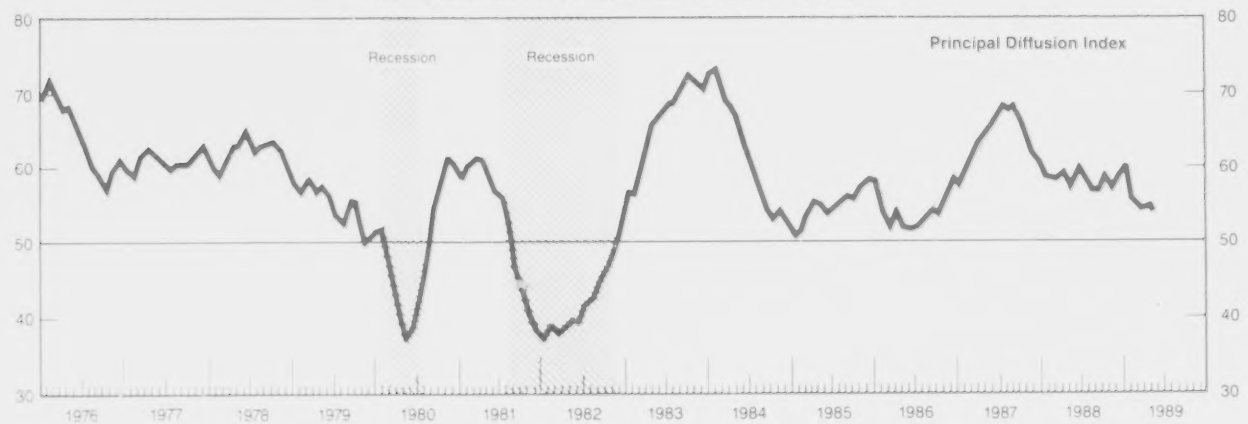
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1988 Apr.	1989 Jan.	Feb.	Mar.	Apr.(e)
Principal Diffusion Index	59.3r	59.8r	55.5r	54.3r	54.0
Auxillary Diffusion Index	54.3r	50.5r	36.0r	46.1r	49.0
Industrial Group	63.7r	55.3r	51.8r	52.5r	53.3
Nonindustrial Group	54.8r	64.4r	59.2r	56.2r	54.7
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	67.5	67.5	62.8	63.2	58.5
Labor	60.5r	49.7r	49.0r	47.1r	48.6
Miscellaneous	66.0r	50.6	42.3	50.0	57.1
Nonindustrial Subgroups					
Prices	55.1	53.2	60.9	60.3	59.6
Consumer	59.8r	67.1r	62.0r	57.3r	58.1
Building	52.2r	67.9	57.7	56.4	47.4
Miscellaneous	51.3r	66.7	56.4	52.1r	53.0

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1986			*1987*				*1988*				*1989*
	May	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb*
	Score (scale 0-100)											
Measure of Business Confidence	61	50	51	55	55	59	47	51	58	56	51	48
1 Appraisal of Current Economic Conditions Compared With Six Months Ago	61	44	50	56	55	62	50	49	64	65	54	52
2 Expectations for Economy, Six Months Ahead	62	52	51	54	53	56	43	50	54	51	48	43
3 Expectations for Own Industry, Six Months Ahead	60	54	53	56	56	58	48	51	55	53	51	48

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[2] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*May, 1989*		*May, 1989*		*May, 1989*		*May, 1989*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1989**	**I**			**$5105.0**	**8.7%**	**$5116.8**	**9.7%**	**$5105.0**	**8.7%**
Forecast	1989	II	$5198.1	7.5%	5204.9	8.1	5204.8	7.1	5184.2	6.4
		III	5225.1	2.1	5270.1	5.1	5281.6	6.0	5273.3	7.1
		IV	5255.0	2.3	5328.3	4.5	5344.2	4.8	5344.4	5.5
	1990	I	5296.6	3.2	5407.2	6.1	5403.1	4.5	5426.8	6.3
		II	5378.6	6.3	5502.0	7.2	5463.5	4.5	5486.2	4.5
		III	5472.2	7.1	5597.4	7.1	5527.8	4.8	5546.7	4.5
		IV	5563.7	6.9	5700.5	7.6	5611.2	6.2	5644.7	7.3
	1991	I	5673.6	8.1			5703.5	6.7		
		II	5783.0	7.9			5813.0	7.9		
	1989	Annual	5195.8	6.8	5227.1	7.5	5236.9	7.7	5226.7	7.5
	1990	Annual	5427.8	4.5	5551.8	6.2	5501.4	5.1	5526.1	5.7
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1989**	**I**	**$4076.5**	**4.3%**	**$4076.5**	**4.3%**	**$4088.2**	**5.5%**	**$4076.5**	**4.3%**
Forecast	1989	II	4093.0	1.6	4100.4	2.4	4108.0	2.0	4091.7	1.5
		III	4069.1	-2.3	4097.8	-0.3	4123.0	1.5	4123.0	3.1
		IV	4056.1	-1.3	4091.9	-0.6	4130.0	0.7	4133.3	1.0
	1990	I	4038.9	-1.7	4103.5	1.1	4134.0	0.4	4142.6	0.9
		II	4062.1	2.3	4128.0	2.4	4139.0	0.5	4134.3	-0.8
		III	4093.8	3.2	4156.1	2.8	4150.0	1.1	4127.0	-0.7
		IV	4124.7	3.1	4186.0	2.9	4175.0	2.4	4150.5	2.3
	1991	I	4184.1	3.9			4203.0	2.7		
		II	4205.0	4.0			4240.0	3.6		
	1989	Annual	4073.7	1.9	4091.7	2.4	4112.3	2.9	4106.1	2.8
	1990	Annual	4079.9	0.2	4143.4	1.3	4149.5	0.9	4138.6	0.8
Gross National Product deflator Index, 1982 = 100										
Actual	**1989**	**I**	**125.2**	**4.2%**	**125.2**	**4.2%**	**125.2**	**3.9%**	**125.2**	**4.2%**
Forecast	1989	II	127.0	5.8	126.9	5.6	126.7	5.0	126.7	4.8
		III	128.4	4.5	128.6	5.4	128.1	4.5	127.9	3.8
		IV	129.6	3.6	130.2	5.1	129.4	4.1	129.3	4.5
	1990	I	131.1	5.0	131.8	4.9	130.7	4.1	131.0	5.4
		II	132.4	3.9	133.3	4.7	132.0	4.0	132.7	5.3
		III	133.7	3.9	134.7	4.3	133.2	3.7	134.4	5.2
		IV	134.9	3.7	136.2	4.5	134.4	3.7	136.0	4.8
	1991	I	136.3	4.1			135.7	3.9		
		II	137.5	3.8			137.1	4.2		
	1989	Annual	127.5	4.8	127.7	4.9	127.3	4.6	127.3	4.6
	1990	Annual	133.0	4.3	134.0	4.9	132.6	4.1	133.5	4.9
Unemployment Rate										
Actual	**1989**	**IV**						**5.2%**		**5.1%**
Forecast	1989	II		5.2%		5.2%		5.1		5.0
		III		5.4		5.4		5.2		5.0
		IV		5.7		5.9		5.3		5.0
	1990	I		6.1		6.1		5.6		5.0
		II		6.3		6.0		5.8		5.2
		III		6.4		5.9		6.0		5.3
		IV		6.5		5.8		6.0		5.4
	1991	I		6.4				5.8		
		II		6.2				5.8		
	1989	Annual		5.4		5.4		5.2		5.0
	1990	Annual		6.3		6.0		5.9		5.2

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on preliminary first quarter.
[2]Based on revised fourth quarter data.

ECONOMIC FORECASTS (continued)

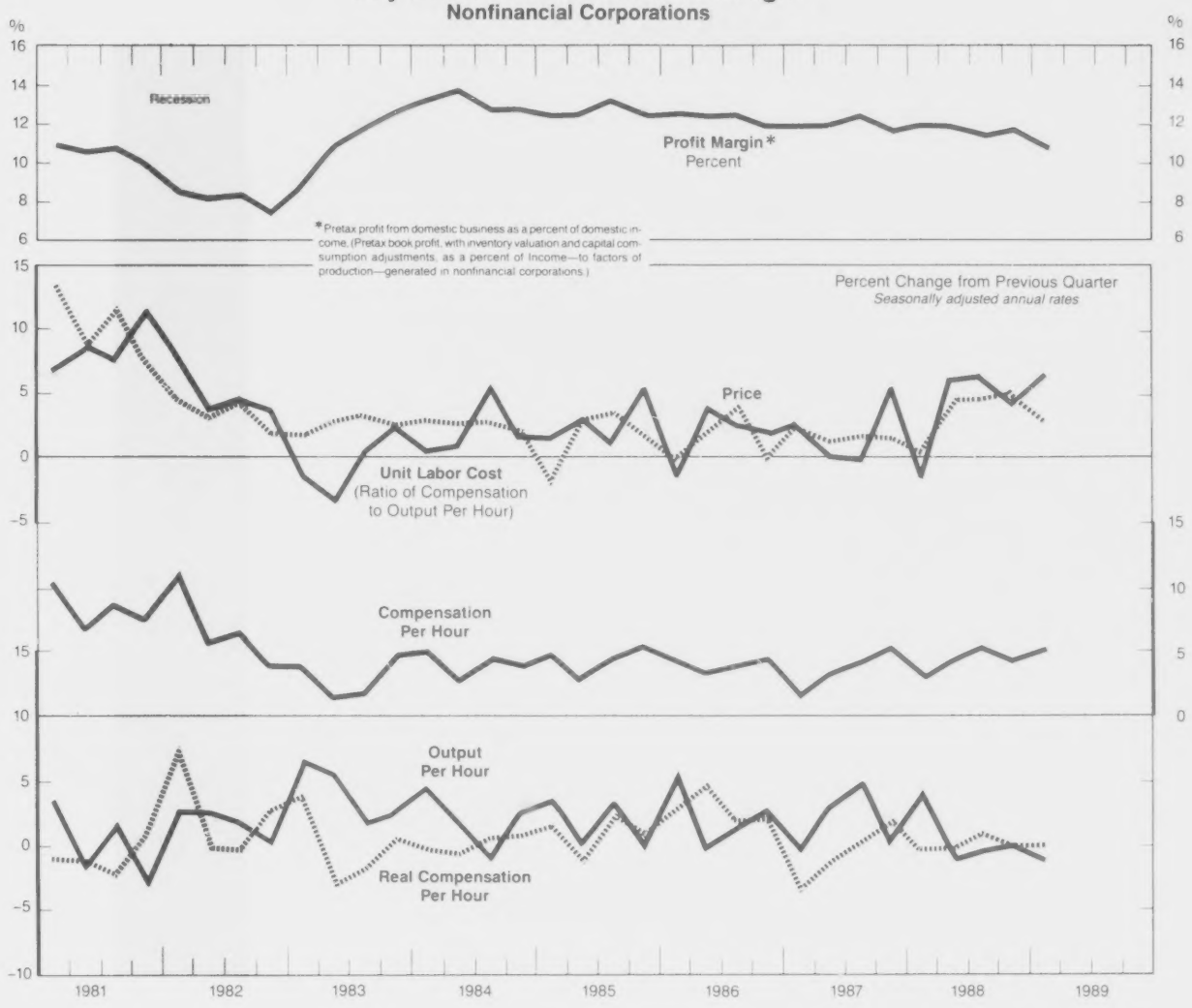
The Conference Board[1]		Laurence H. Meyer Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
May, 1989		*May, 1989*		*May, 1989*		*May, 1989*		*Date of Forecast*		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$5105.0	**8.9%**	**$5105.0**	**8.7%**	**$5105.0**	**8.7%**	**$5105.0**	**8.7%**	**I**	**1989**	**Actual**
5195.0	7.2	5186.9	6.6	5198.0	7.5	5203.0	7.9	II	1989	Forecast
5277.0	6.5	5248.7	4.9	5261.0	4.9	5292.7	7.1	III		
5330.0	4.1	5328.1	6.2	5318.5	4.4	5377.7	6.6	IV		
5373.0	3.3	5421.3	7.2	5377.7	4.5	5463.8	6.6	I	1990	
5455.0	6.2	5494.1	5.5	5452.2	5.7	5561.5	7.3	II		
5571.0	8.8	5571.8	5.8	5524.3	5.4	5658.9	7.2	III		
5683.0	8.3	5654.2	6.0	5618.5	7.0	5758.6	7.2	IV		
		5754.7	7.3	5738.2	8.8	5863.8	7.5	I	1991	
		5852.2	7.0	5855.7	8.4	5974.6	7.8	II		
5226.8	7.5	5217.2	7.3	5220.6	7.3	5244.6	7.8	Annual	1989	
5520.5	5.6	5535.4	6.1	5493.2	5.2	5610.7	7.0	Annual	1990	
								Gross National Product Billions of Constant (1982) Dollars		
$4076.5	**4.3%**	**$4076.5**	**4.3%**	**$4076.5**	**4.3%**	**$4076.5**	**4.3%**	**I**	**1989**	**Actual**
4097.0	2.0	4093.4	1.7	4096.0	1.9	4102.9	2.6	II	1989	Forecast
4109.9	1.3	4107.0	1.3	4105.7	1.0	4122.6	1.9	III		
4100.0	-1.0	4125.3	1.8	4114.6	0.9	4141.2	1.8	IV		
4086.0	-1.4	4148.4	2.3	4112.3	-0.2	4155.3	1.4	I	1990	
4098.4	1.2	4161.5	1.3	4129.7	1.7	4183.4	2.7	II		
4135.8	3.7	4177.2	1.5	4144.1	1.4	4212.6	2.8	III		
4166.4	3.0	4195.8	1.8	4174.7	3.0	4245.5	3.2	IV		
		4220.5	2.4	4216.7	4.1	4274.4	3.8	I	1991	
		4249.2	2.7	4256.3	3.8	4308.4	3.2	II		
4095.9	2.5	4100.6	2.6	4098.2	2.6	4110.8	2.9	Annual	1989	
4121.7	0.6	4170.7	1.7	4140.2	1.0	4199.2	2.2	Annual	1990	
								Gross National Product deflator Index, 1982 = 100		
125.2	4.2%	125.2	4.2%	125.2	4.2%	125.2	4.2%	I	1989	Actual
126.8	5.1	126.7	4.8	126.9	5.5	126.8	5.2	II	1989	Forecast
128.4	5.1	127.8	3.5	128.1	3.9	128.4	5.0	III		
130.0	5.1	129.2	4.3	129.3	3.5	129.9	4.7	IV		
131.5	4.7	130.7	4.8	130.8	4.8	131.5	5.1	I	1990	
133.1	5.0	132.0	4.2	132.0	3.9	132.9	4.5	II		
134.7	4.9	133.4	4.2	133.3	3.9	134.3	4.3	III		
136.4	5.1	134.8	4.2	134.6	3.9	135.6	4.0	IV		
		136.4	4.8	136.1	4.5	137.2	4.6	I	1991	
		137.7	4.1	137.6	4.5	138.7	4.4	II		
127.6	4.8	127.2	4.5	127.4	4.6	127.6	4.8	Annual	1989	
133.9	5.0	132.7	4.3	132.7	4.2	133.6	4.7	Annual	1990	
								Unemployment Rate		
	5.2%		**5.2%**		**5.1%**		**5.2%**	**I**	**1989**	**Actual**
	5.3		5.3		5.3		5.3	II	1989	Forecast
	5.5		5.4		5.4		5.5	III		
	5.9		5.4		5.5		5.8	IV		
	6.2		5.4		5.7		5.8	I	1990	
	6.3		5.5		5.9		5.9	II		
	6.0		5.6		6.0		5.8	III		
	5.8		5.7		6.1		5.7	IV		
			5.6		6.1		5.6	I	1991	
			5.5		6.0		5.5	II		
	5.5		5.3		5.3		5.4	Annual	1989	
	6.1		5.6		5.9		5.8	Annual	1990	

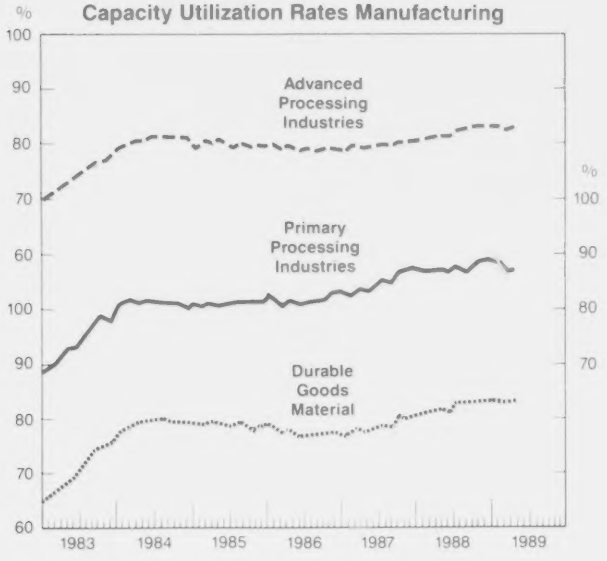
CBDB

ATTENTION DATA USERS: All data in this publication are available ONLINE in our statistical database, CBDB. For more information, contact Linette Waters at (212) 759-0900.

Key Determinants of Profit Margin

Nonfinancial Corporations

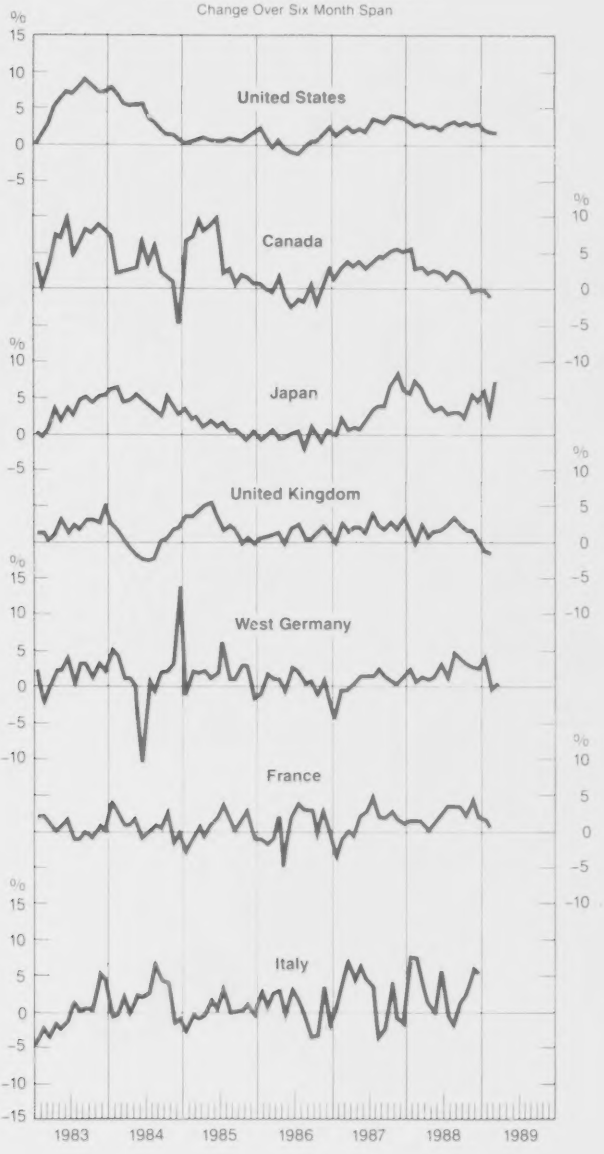




Selected International Comparisons

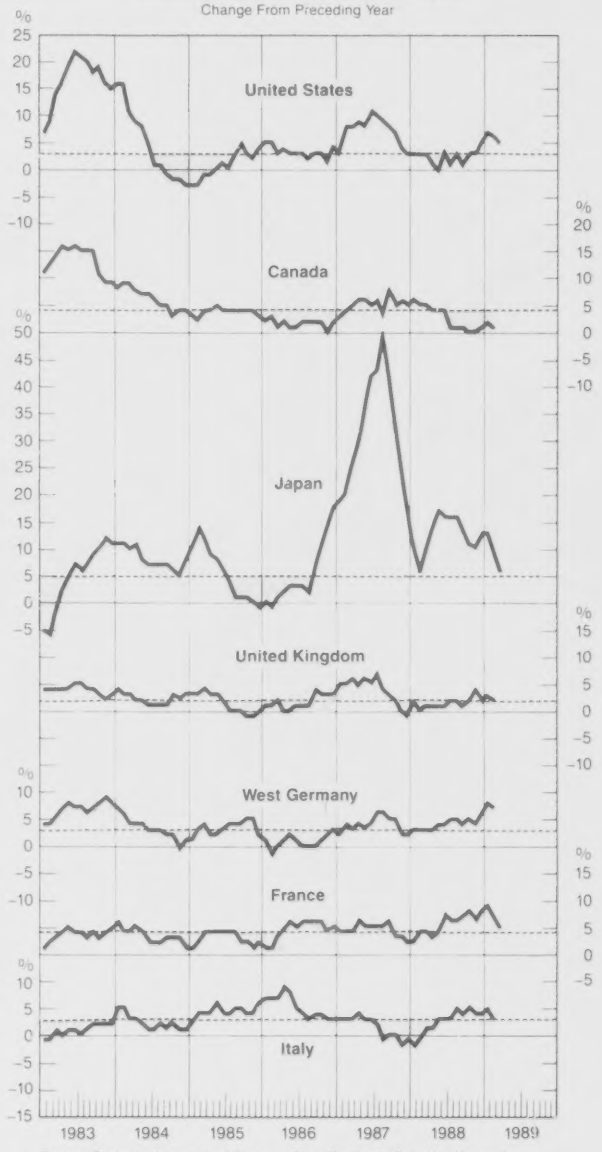
Industrial Production Indexes

Change Over Six Month Span

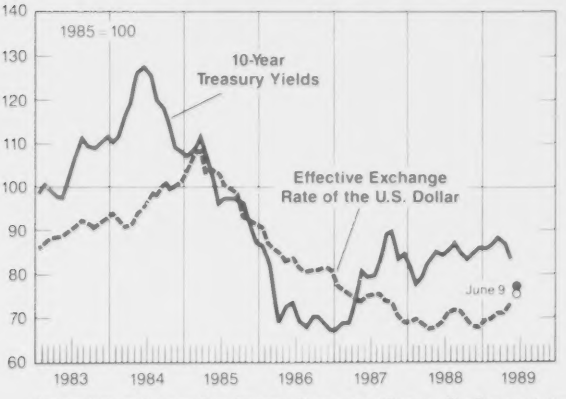


Leading Business Cycle Indexes

Change From Preceding Year

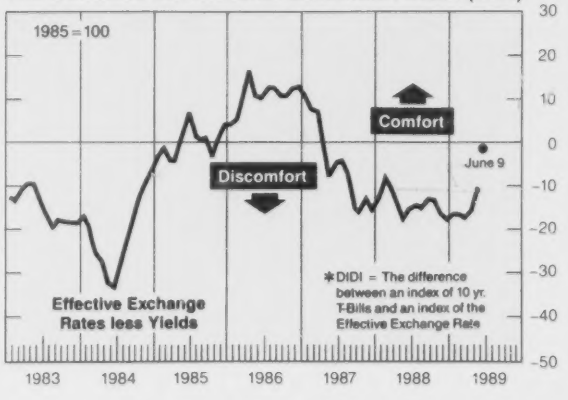


Source: Center for International Business Cycle Research, Columbia University



Sources: Morgan Guaranty Trust Company, Department of Treasury, *The Sommers Letter*

The Domestic-International Discomfort Index (DIDI)*



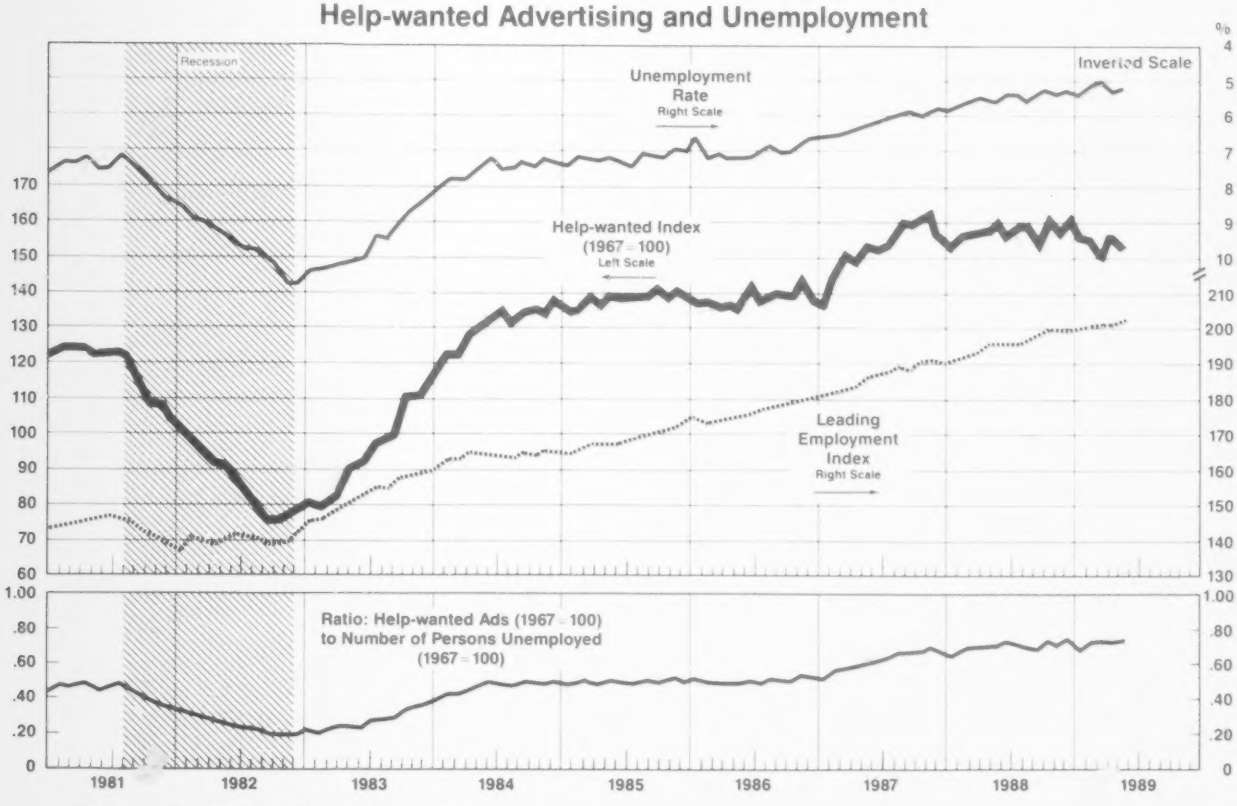
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1989 Apr.	1989 Mar.	1989 Feb.	1988 Apr.
National Index	157	151	155	157
New England	122	119	131	161
Boston	117	113	126	151
Hartford	119	123	129	175
Providence	143	136	149	183
Middle Atlantic	83	79	83	87
Albany	190	191	195	223
Allentown	354	393	375	360
New York	54	50	56	60
Philadelphia	73	66	68	75r
Pittsburgh	111	96	101	98
Rochester	104	101	115	104
Syracuse	165	153	161	159
East North Central	105	101	107	106r
Chicago	96	103	111	112r
Cincinnati	176	162	168	173
Cleveland	82	69	76	72
Columbus	N.A.	163	173	174
Dayton	99	93	94	95
Detroit	61	58	63	55
Gary	235	202	205	190
Indianapolis	138	135	134	131
Milwaukee	95	87	90	94r
Toledo	148	129	133	138
West North Central	113	100	102	103r
Kansas City	152	138	138	152
Minneapolis	N.A.	N.A.	91	88
Omaha	199	166	174	166r
St. Louis	78	69	71	71
South Atlantic	212	187	202	218r
Atlanta	248	232	250	287
Baltimore	236	206	215	248r
Charlotte	215	201	211	207
Jacksonville	227	212	226	240
Miami	N.A.	159	170	176
Richmond	164	129	147	123
Washington, D.C.	N.A.	N.A.	184	197
East South Central	183	173	169	183
Birmingham	202	197	188	196
Knoxville	344	333	320	312
Louisville	N.A.	99	104	110
Memphis	155	142	138	156
Nashville	202	179	173	215
West South Central	189	203	190	183r
Dallas	143	139	133	161
Houston	280	338	300	271r
New Orleans	140	127	137	128
Oklahoma City	128	126	120	118
San Antonio	153	153	150	137
Tulsa	180	164	163	137
Mountain	322	330	325	310
Denver	N.A.	206	211	199
Phoenix	441	410	394	430
Salt Lake City	441	460	448	357
Pacific	269	256	263	254r
Los Angeles	174	165	173	171
Sacramento	530	489	492	470
San Bernardino	341	332	307	327r
San Diego	668	670	666	614
San Francisco	263	246	273	256
Seattle	286	265	260	249
Percentage of papers with rising volume	82	31	41	63r
Unemployment rate	5.3	5.0	5.1	5.5

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available.

Help-wanted Advertising and Unemployment



Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

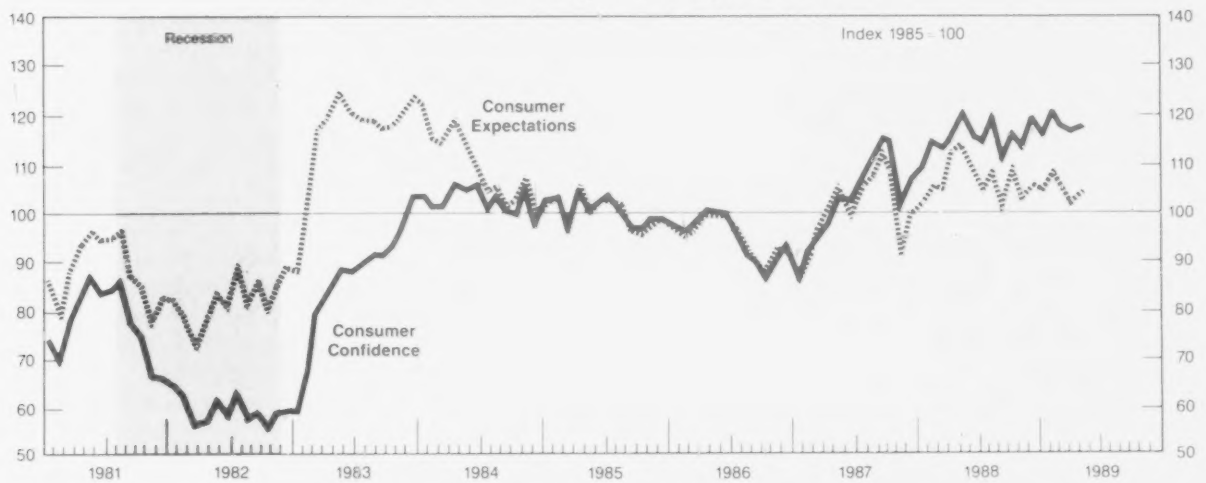
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Consumer Confidence Index												
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4
1989	115.8	120.7	117.4	116.6r	117.8p							
Expectations Index												
1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6
1989	104.1	108.3	104.9	101.8r	104.4p							

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r-revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

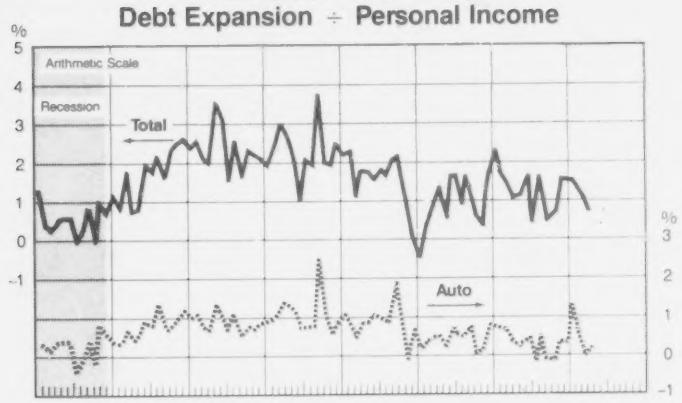
	1987				1988			Percent Change From Previous Year	
	II-87	III-87	IV-87	I-88	II-88	III-88(r)	IV-88(p)	Actual 1988	Estimate 1989
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	32.257	29.561	35.909	30.846	40.686	40.384	53.774	39%	8%
Capital expenditures	25.933	27.381	29.820	29.412	31.718	36.037	41.216	33	13
Change in appropriations backlog*	5.460	-0.080	3.510	0.650	8.760	-4.110	-10.140		
Durable Goods									
New appropriations	16.515	17.208	20.245	14.310	20.261	20.791	25.859	27	13
Capital expenditures	14.006	13.970	16.037	15.760	16.910	19.526	20.226	31	21
Change in appropriations backlog*	2.310	2.930	3.810	-1.600	3.670	-1.080	-4.730		
Nondurable Goods									
New appropriations	15.742	12.353	15.664	16.536	20.425	19.593	27.915	52	5
Capital expenditures	11.927	13.411	13.783	13.632	14.808	16.511	20.990	35	8
Change in appropriations backlog*	3.160	-3.010	-0.300	2.250	5.090	-3.030	-5.410		
ELECTRIC & GAS UTILITIES									
New appropriations	5.605	5.174	6.286	8.083	4.439				
Capital expenditures	7.072	7.771	6.590	6.857	6.620				
Change in appropriations backlog*	-1.610	-2.840	-0.430	1.235	-2.630				

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

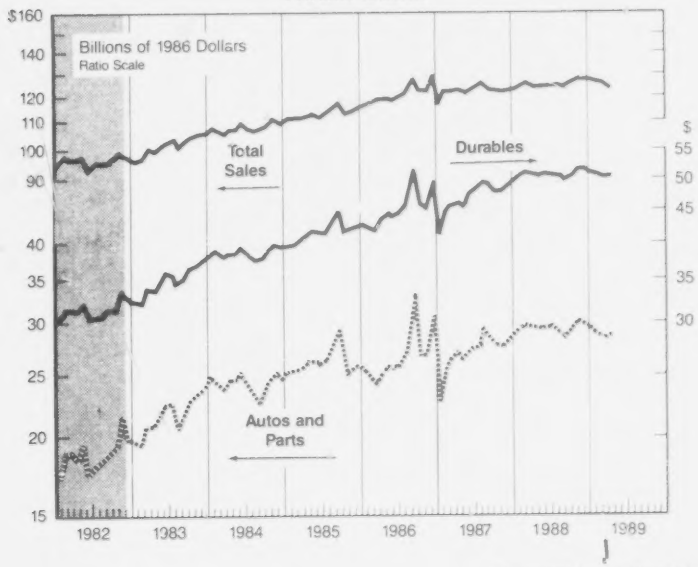
r—revised p—preliminary

* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



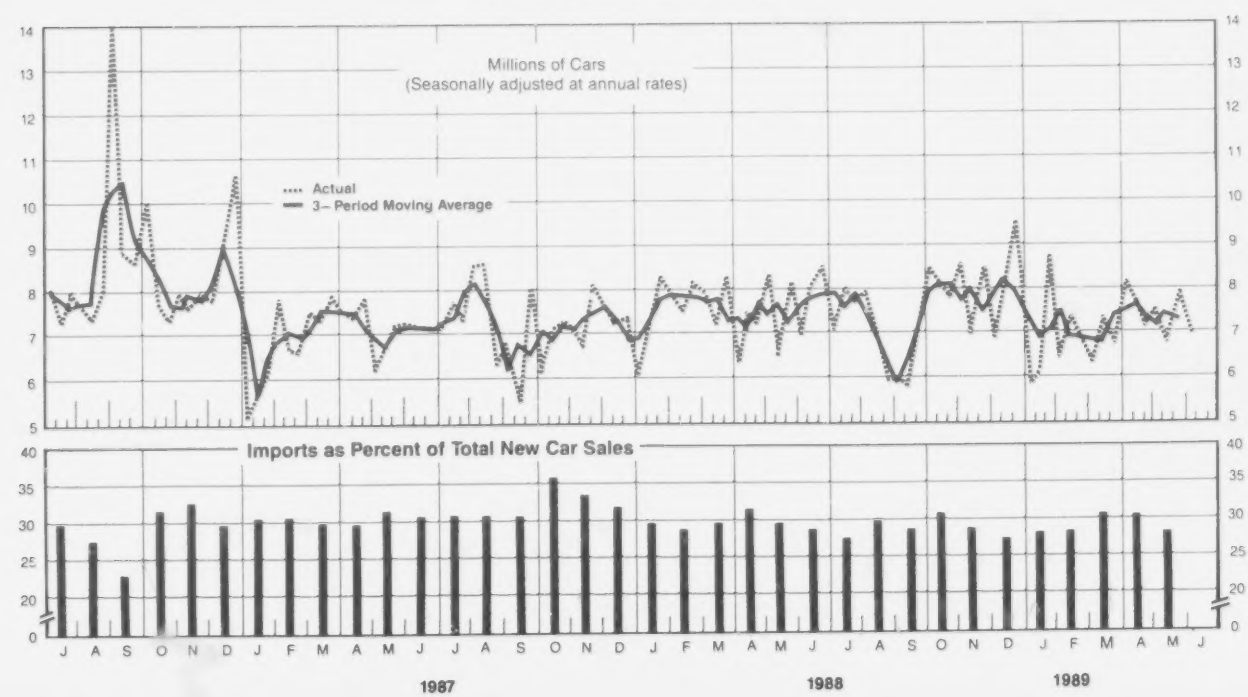
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1986	1987	1988	1989
January:	1-10	8.37	5.15	6.06	5.86
	11-20	8.74	5.52	7.29	6.06
	21-31	8.26	6.13	8.25	8.64
February:	1-10	7.88	7.78	7.83	6.40
	11-20	8.95	6.64	7.44	7.37
	21-28(29)	6.15	6.58	8.17	6.86
March:	1-10	7.69	7.53	7.81	6.32
	11-20	7.57	7.27	7.13	7.28
	21-31	6.52	7.81	8.28	6.74
April:	1-10	8.79	7.48	6.33	8.18
	11-20	7.06	7.34	7.43	7.66
	21-30	7.75	7.76	7.23	7.03
May:	1-10	8.62	6.16	8.36	7.49
	11-20	8.86	6.66	6.53	6.72
	21-31	7.33	7.19	8.12	7.99
June:	1-10	8.48	7.21	6.88	6.93
	11-20	8.04	7.13	8.00	
	21-30	8.39	7.09	8.48	
July:	1-10	8.10	7.10	7.02	
	11-20	7.28	7.68	7.99	
	21-31	7.97	7.29	7.69	
August:	1-10	7.63	8.55	7.95	
	11-20	7.34	8.60	7.01	
	21-31	8.08	6.26	5.92	
September:	1-10	14.00	6.74	5.93	
	11-20	8.83	5.45	5.80	
	21-30	8.62	8.03	7.40	
October:	1-10	10.04	6.13	8.43	
	11-20	7.67	7.10	8.08	
	21-31	7.27	7.24	7.78	
November:	1-10	7.96	7.15	8.55	
	11-20	7.59	6.68	6.97	
	21-30	7.89	8.09	8.46	
December:	1-10	7.75	7.60	6.84	
	11-20	8.77	7.22	8.31	
	21-31	10.68	7.31	9.54	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3– Period Moving Average
Imports as Percent of Total New Car Sales
J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J
1987
1988
1989